

**APPROVED MINUTES**

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND  
BOARD OF TRUSTEES MEETING  
WEDNESDAY, MAY 22, 2019  
BATON ROUGE, LOUISIANA  
9:00 a.m.**

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Wednesday, May 22, 2019 at 9:00 a.m. in Baton Rouge, Louisiana.

The meeting was called to order by President Steve Andrews. Louie Bernard gave the invocation and Brian Lestage led the Pledge of Allegiance.

**MEMBERS PRESENT:**

President Steve Andrews  
Brian Lestage  
Randy Deshotel  
Mark Graffeo  
Lynn Jones  
Louie Bernard

**OTHERS PRESENT:**

Debbie Hudnall, Executive Director  
Jon Breth, AndCo.  
Chris Brokaw, AndCo.  
Rebecca Wisbar, Attorney  
Greg Curran, Actuary

**GUESTS PRESENT:**

Robin Hooter, Jeff Skidmore, Susan Racca, Keith Bonin, Chris Kershaw and Dagmar Hebert.

**PUBLIC COMMENTS:** None

**OATH OF OFFICE:** Steve Andrews administered the Oath of Office to Mark Graffeo and Louie Bernard.

**APPROVAL OF MINUTES:**

Randy Deshotel moved that the minutes of February 20, 2019 meeting be approved. Motion seconded by Louie Bernard. **MOTION CARRIED.**

**FINANCIAL REPORT: (ON FILE IN OFFICE)**

Treasurer Randy Deshotel reviewed the financial report for March 2019:

<b>March 2019 -</b>	Monthly Contributions	\$ 2,461,317
	Other Additions	\$ (49,476)
	Investment Gain (Loss)	\$ 5,677,693
	Investment Expenses	\$ 258,902
	Deductions	\$ 3,836,034
	Net Income (Decrease)	\$ 3,994,598
	<b>Total Investments</b>	<b>\$ 585,960,213</b>
	<b>Total Assets</b>	<b>\$ 630,045,517</b>

A motion was made by Mark Graffeo to receive the financial reports. Motion seconded by Brian Lestage. **MOTION CARRIED.**

**2019-2020 BUDGET PROPOSAL (Exhibit A):** Controller Chris Kershaw provided a handout with the budget proposal for 2019-2020. He stated that the only change from the current year budget to the proposed budget is an increase in actuary fees due to an experience study. After discussion, a motion was made by Lynn Jones to adopt the 2019-2020 Budget as presented. The motion was seconded by Brian Lestage. **MOTION CARRIED.**

**INVESTMENT COMMITTEE REPORT:** Mark Graffeo reported that the investment committee has been in discussion regarding the asset allocation of the portfolio with the goal of maintaining returns while lowering volatility.

**ANDCO (Report on file in office):** Jon Breth and Chris Brokaw provided the update for the Clerks portfolio as of March 31, 2019.

**PORTFOLIO PERFORMANCE – March 31, 2019**

	2019	QTD	FYTD
<b>Total Funds</b>	\$ 585,960,213	9.08%	0.92%
<b>US Equity</b>			
QMA	\$ 66,683,642	12.87%	2.85%
Rothschild	\$ 36,262,663	11.46%	4.81%
Westfield	\$ 37,544,879	16.70%	5.76%
William Blair	\$ 21,838,809	13.47%	-4.78%
Elk Creek	\$ 22,933,611	15.26%	-5.07%
TS&W	\$ 44,263,796	8.33%	-5.88%
LSV	\$ 44,656,813	8.28%	-5.41%
William Blair	\$ 28,438,605	12.86%	-10.87%
Segall Bryant	\$ 31,921,096	10.83%	-1.37%
<b>Fixed Income</b>			
Pyramis	\$ 59,063,079	4.03%	4.80%
Pyramis (Tact)	\$ 32,436,054	5.35%	5.69%
SSgA Ag Bond	\$ 27,412,041	2.94%	4.66%
<b>Hedge Funds</b>			
Summit Solut.	\$ 42,819,770	4.41%	2.79%
<b>Real Estate</b>			
Clarion	\$ 55,323,303	2.00%	6.23%
<b>MLP'S</b>			
Harvest	\$ 17,283,512	20.90%	1.90%
Tortoise	\$ 17,071,581	18.33%	2.06%
<b>Hancock – Cash</b>	\$ 6,958		
<b>DROP FUNDS</b>	\$ 28,260,144		
<b>Cash Funds</b>	\$ 13,695,345		

**Market Update:** Jon Breth provided the market update with recovery of the stock market in the first quarter of 2019. The Federal Reserve formally stated that there would be no increase in interest rates in 2019 and that led to a rate decrease in the first quarter. He also commented on the end of the government shutdown, the progress in trade negotiations between the US and China and the accommodations in the bond program of the European Central Bank. He reported on the positive returns in the US market, BREXIT and a strong quarter for equities. He reported that the developing international market did better than the emerging markets.

**April Update:** Jon continued his reported highlighting the Clerks portfolio with a small gain in the month of April 2019. He commented that the portfolio is down in the month of May. He reported that real estate was up about 2% and further that MLPs performance seems to trade with the price of oil. He reported that TSW and LSV were the stand-out performers in the portfolio and were repositioning in the first and second quarters. He stated that fixed income outperformed the benchmark.

Debbie Hudnall questioned why there was no peer group measure for the hedge funds. Jon stated that there is really no peer group comparison but that Andco is working with Summit Solutions on a clear strategy on performance goals and expectations which have been sent to Summit to review.

**Review of Plan Asset Allocation (Report on file in office):** Jon then provided the Board with a comparison of the current model asset allocation versus alternative mix variations developed to reallocate the 50%/50% split of International/US equities into different categories. The report highlighted the projected expected return for each of the mix variations. He commented on the reorientation of the portfolio looking to lessen volatility while generating an expected return. He reported on the outlook of the possibility of two manager searches within the fixed income and education on moving from MLPs to a more diversified global infrastructure fund. It would not be a complete exit from the MLP fund but an additional type of investment. He also explained the possible addition of a second manager within the real estate portfolio to change the composition. Debbie questioned if any of the changes would require a change to the investment policy. Jon stated that any change would require an update to that policy.

There was discussion regarding the required rate of return for the Fund and how each of the alternative allocation mixes were all below that rate of return. Jon stated that there was no action by the Board required at this time but he wanted to show the Board the direction the investment committee would be working towards over the next few months and into 2020. Mark Graffeo requested a projected timeline from Andco for the next investment committee call.

## **ACTUARY**

**2019-2020 Actuary Contract:** Debbie Hudnall presented to the Board a contract with G.S. Curran & Co for the next fiscal year with the rate remaining the same as the current contract. A motion was made by Louie Bernard to accept the contract as presented. The motion was seconded by Brian Lestage. **MOTION CARRIED.**

**Louisiana Clerks of Court Retirement and Relief Fund  
Board of Trustees Meeting, May 22, 2019  
Page 4**

**Experience Study:** Greg Curran reported to the Board that it had been 5 years since the last experience study had been completed for the Fund. He expected the study to be complete by Spring of 2020. The cost for the study would be \$10,400. A motion was made by Brian Lestage to approve the experience study. The motion was seconded by Lynn Jones. **MOTION CARRIED.**

**Option Factors:** Greg Curran explained the change in the valuation interest rate to 6.75% and the required updates to the option factors that would be effective July 1, 2019. He explained that the actuarial equivalents and that there were no changes to the mortality tables. He noted that the document with the assumptions and actuarial factors is available to anyone who requests to review it. A motion was made by Mark Graffeo to accept the option factors effective July 1, 2019. The motion was seconded by Louie Bernard. **MOTION CARRIED.**

**Employer Contribution Rate 2019-2020:** Greg reported that PRSAC had met in February 2019 and approved the Clerks Actuarial Report. He noted that the required employer contribution rate is 18.75%. The Clerks current rate is 19%. A motion was made by Randy Deshotel to maintain the employer contribution rate at 19% for fiscal year 2019-2020. The motion was seconded by Brian Lestage. **MOTION CARRIED.**

**APPLICATIONS AND REFUNDS: (On file in office)**

Debbie reported that since the February Board meeting there were 18 applications for DROP; 7 applications for regular retirement; and 14 Post DROP retirement applications.

Mark Graffeo moved that the applications be approved. Motion was seconded by Louie Bernard. **MOTION CARRIED.**

Debbie further reported there had been 82 refunds in the amount of \$691,384 for the fiscal year.

**EXECUTIVE DIRECTOR REPORT:** Debbie informed the Board that one of the money managers, Aileen Pinto, with QMA had retired.

**Legislation:** Debbie updated the Board on legislation including several bills that had not gained traction including a term limits for retirement board members, and a bill removing the requirement for Orleans Parish to remit ad valorem taxes.

**ATTORNEY:**

**Driehaus Contract:** Rebecca Wisbar reported that the side letter agreement had been finalized with Driehaus.

**Attorney Contract:** Debbie stated that she had received a letter with a proposed increase from the current rate of \$230/hour to \$240/hour. A motion was made by Mark Graffeo to accept the attorney fee increase as presented. The motion was seconded by Brian Lestage. **MOTION CARRIED.**

**OTHER BUSINESS:** Debbie informed the Board of the dates for the upcoming LAPERS conference in New Orleans on September 15-17, 2019.

**COMMENTS BY BOARD TRUSTEES:** President Steve Andrews thanked the Board for allowing him to serve as President as this was his last meeting. He appreciated their support and hard work throughout the year. The Board thanked Steve for his service.


There being no other business, Lynn Jones moved that the meeting be adjourned. Motion seconded by Randy Deshotel. **MOTION CARRIED.**

**MEETING ADJOURNED.**

Approved:

  
Steve Andrews, President

Respectfully submitted,

  
Debbie D. Hudnall, Executive Director

# Louisiana Clerks' of Court Retirement Fund Budget

	7/1/2018	7/1/2019	
	ACTUAL	PROPOSED	
	BUDGET	BUDGET	BUDGET
	2018-2019	2019-2020	Difference
<b>Administrative Expenses</b>			
Actuary Fees	80,000	90,000	10,000
Advertising	500	500	0
Auditing Fees	50,000	50,000	0
Bank Charges	12,000	12,000	0
Building Insurance	6,500	6,500	0
Building Maintenance / Fees	15,000	15,000	0
Depreciation (non-cash)	30,000	30,000	0
Doctors Fees	4,000	4,000	0
Fiduciary Insurance	22,000	22,000	0
Legal Fees	20,000	20,000	0
Meeting Expense	10,000	10,000	0
Miscellaneous	1,200	1,200	0
Office Equipment	0	0	0
Office Supplies and Printing	2,000	2,000	0
Other Professional Fees	2,500	2,500	0
Per Diem	3,375	3,375	0
Postage	3,000	3,000	0
Programming Fees	15,000	15,000	0
Reimbursement to Assoc.	420,000	420,000	0
Travel and Seminar	18,000	18,000	0
<b>Administrative Expenses</b>	<b>715,075</b>	<b>725,075</b>	<b>10,000</b>
<b>Investment Expenses:</b>			
Consultant Fees	135,000	135,000	0
Custodial Fees	60,000	60,000	0
Investment Managers	3,250,000	3,250,000	0
<b>Total Investment Expenses</b>	<b>3,445,000</b>	<b>3,445,000</b>	<b>0</b>
<b>TOTAL EXPENSES</b>	<b>4,160,075</b>	<b>4,170,075</b>	<b>10,000</b>

Budget Adopted on this date: \_\_\_\_\_